

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Alcona County	County Alcona County
Fiscal Year End December 31, 2005	Opinion Date April 7, 2006	Date Audit Report Submitted to State June 28, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

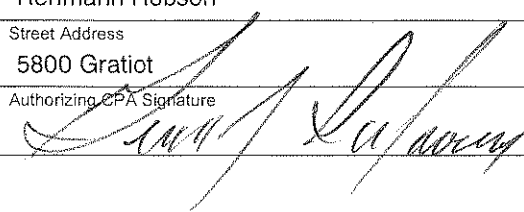
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number (989) 799-9580	
Street Address 5800 Gratiot		City Saginaw	State MI
Authorizing CPA Signature 		Printed Name Gerald Desloover	Zip 48605
		License Number 1101007126	

Alcona County
Harrisville, Michigan

Financial Statements

For the Year December 31, 2005

ALCONA COUNTY, MICHIGAN

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ALCONA COUNTY, MICHIGAN

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT

April 7, 2006

Board of Commissioners
Alcona County, Michigan
Harrisville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Alcona County, Michigan**, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Alcona County, Michigan's** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alcona County Road Commission, which represents the discretely presented component unit, and is therefore a separate opinion unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **County of Alcona, Michigan**, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General, Ambulance Service, Housing Commission Administration and Revenue Sharing Reserve funds, for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2006, on our consideration of **Alcona County, Michigan**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Alcona County has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Alcona County, Michigan**'s basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALCONA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE		ROAD
	ACTIVITIES	ACTIVITIES	TOTAL	COMMISSION
<u>ASSETS</u>				
Cash and cash equivalents	\$ 629,788	\$ -	\$ 629,788	\$ 773,113
Investments	827,689	3,792,227	4,619,916	-
Accounts receivable	4,704,674	449,511	5,154,185	473,138
Inventory	-	-	-	276,922
Internal balances	(2,605)	2,605	-	-
Capital assets, net:				
Assets not being depreciated	175,500	-	175,500	1,576,434
Assets being depreciated	2,507,442	-	2,507,442	5,741,249
<u>TOTAL ASSETS</u>	<u>8,842,488</u>	<u>4,244,343</u>	<u>13,086,831</u>	<u>8,840,856</u>
<u>LIABILITIES</u>				
Accounts payable	147,953	-	147,953	53,892
Accrued liabilities	34,938	-	34,938	28,341
Advance from state	-	-	-	217,422
Unearned revenue	2,013,238	-	2,013,238	75,505
Interest payable	-	-	-	5,200
Noncurrent liabilities:				
Due within one year	466,946	19,000	485,946	238,671
Due in more than one year	104,695	176,000	280,695	634,980
<u>TOTAL LIABILITIES</u>	<u>2,767,770</u>	<u>195,000</u>	<u>2,962,770</u>	<u>1,254,011</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	2,621,247	-	2,621,247	6,639,440
Restricted for:				
Capital projects	290	-	290	-
Other purposes	2,486,250	-	2,486,250	-
Unrestricted	966,931	4,049,343	5,016,274	947,405
<u>TOTAL NET ASSETS</u>	<u>\$ 6,074,718</u>	<u>\$ 4,049,343</u>	<u>\$ 10,124,061</u>	<u>\$ 7,586,845</u>

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
Legislative	\$ 170,322	\$ -	\$ -	\$ -	\$ (170,322)
Judicial	1,037,289	309,146	228,303	-	(499,840)
General government	1,115,187	302,908	206,421	209,288	(396,570)
Public safety	2,989,840	721,843	136,802	-	(2,131,195)
Public works	7,660	-	-	-	(7,660)
Health and welfare	1,693,572	366,351	363,850	-	(963,371)
Culture and recreation	752,456	131,297	25,991	124,678	(470,490)
Total governmental activities	<u>7,766,326</u>	<u>1,831,545</u>	<u>961,367</u>	<u>333,966</u>	<u>(4,639,448)</u>
Business-type activities:					
Delinquent tax revolving	2,714	145,761	-	-	143,047
D.P.W. Sewer	5,325	5,325	-	-	-
Delinquent tax property sales	<u>67,748</u>	<u>111,428</u>	<u>-</u>	<u>-</u>	<u>43,680</u>
Total business-type activities	<u>75,787</u>	<u>262,514</u>	<u>-</u>	<u>-</u>	<u>186,727</u>
Total primary government	<u>\$ 7,842,113</u>	<u>\$ 2,094,059</u>	<u>\$ 961,367</u>	<u>\$ 333,966</u>	<u>\$ (4,452,721)</u>
Component unit					
Road Commission	<u>\$ 3,171,465</u>	<u>\$ 556,695</u>	<u>\$ 4,244,328</u>	<u>\$ -</u>	<u>\$ 1,629,558</u>

continued...

ALCONA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Road Commission
Changes in net assets				
Net (expense) revenue	\$ (4,639,448)	\$ 186,727	\$ (4,452,721)	\$ 1,629,558
General revenues:				
Property taxes	4,533,184	-	4,533,184	-
Grants and contributions not restricted to specific programs	49,367	-	49,367	-
Unrestricted investment earnings	94,477	170,388	264,865	43,143
Miscellaneous general revenues	92,645	2,275	94,920	4,665
Transfers - internal activities	226,000	(226,000)	-	-
Total general revenues and transfers	4,995,673	(53,337)	4,942,336	47,808
Change in net assets	356,225	133,390	489,615	1,677,366
Net assets, beginning of year, as restated	5,718,493	3,915,953	9,634,446	5,909,479
Net assets, end of year	\$ 6,074,718	\$ 4,049,343	\$ 10,124,061	\$ 7,586,845

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**ALCONA COUNTY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	GENERAL	AMBULANCE SERVICE FUND	HOUSING COMMISSION ADMINISTRATION
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,652	\$ -	\$ 102,471
Investments	221,573	34,271	-
Taxes receivable	1,896,418	632,425	-
Accounts receivable	40,990	237,307	-
Interest receivable	-	-	-
Loans receivable	-	-	1,239,570
Due from other funds	555,733	-	-
Due from state	106,282	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 2,823,648</u>	<u>\$ 904,003</u>	<u>\$ 1,342,041</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 65,827	\$ 12,215	\$ 1,457
Accrued liabilities	20,409	10,271	-
Deposits payable	-	-	-
Due to other funds	1,755,245	-	-
Due to state	-	-	-
Deferred revenue	982,167	869,732	1,239,570
Advances from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/> 2,823,648	<hr/> 892,218	<hr/> 1,241,027
FUND EQUITY			
Fund balances:			
Reserved for:			
Capital projects	-	-	-
Restricted contributions	-	-	-
Unreserved - undesignated, reported in:			
General fund	-	-	-
Special revenue funds	-	11,785	101,014
	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<hr/> -	<hr/> 11,785	<hr/> 101,014
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 2,823,648</u>	<u>\$ 904,003</u>	<u>\$ 1,342,041</u>

The accompanying notes are an integral part of these financial statements

REVENUE SHARING RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ -	\$ 524,665	\$ 629,788
-	571,845	827,689
-	398,646	2,927,489
-	61,094	339,391
-	261	261
-	-	1,239,570
1,754,284	265,336	2,575,353
-	91,681	197,963

\$ 1,754,284	\$ 1,913,528	\$ 8,737,504
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\$ -	\$ 32,325	\$ 111,824
-	4,258	34,938
-	4,129	4,129
311,342	460,796	2,527,383
-	32,000	32,000
-	398,646	3,490,115
-	50,575	50,575
311,342	982,729	6,250,964

-	290	290
-	3,795	3,795
-	-	-
1,442,942	926,714	2,482,455
1,442,942	930,799	2,486,540
\$ 1,754,284	\$ 1,913,528	\$ 8,737,504

ALCONA COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Fund balances - total governmental funds	\$ 2,486,540
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	2,682,942
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add: deferred revenues for loans receivable	1,239,570
Add: deferred revenues for ambulance accounts receivable	237,307
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: note payable for ambulance	(61,695)
Subtract: compensated absences	(433,537)
Subtract: landfill costs	<u>(76,409)</u>
Net assets of governmental activities	<u>\$ 6,074,718</u>

The accompanying notes are an integral part of these financial statements.

ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL	AMBULANCE SERVICE FUND	HOUSING COMMISSION ADMINISTRATION
REVENUES			
Taxes and penalties	\$ 2,708,760	\$ 588,016	\$ -
Licenses and permits	5,772	-	-
Federal grants	208,254	-	-
State grants	268,902	-	-
Contributions from local units	2,474	-	-
Charges for services	606,174	286,220	-
Fines and forfeits	13,115	-	-
Interest	58,272	-	12,648
Donations	-	600	-
Loan repayments	-	-	95,240
Rent	8,640	-	-
Other	87,881	2,429	-
TOTAL REVENUES	3,968,244	877,265	107,888
EXPENDITURES			
Legislative	170,322	-	-
Judicial	535,536	-	-
General government	1,203,646	-	-
Public safety	2,107,693	-	-
Public works	-	-	-
Health and welfare	179,990	851,267	2,973
Recreation and culture	-	-	-
Capital outlay	-	-	-
Other	135,831	-	-
Debt service - principal	-	26,495	-
Debt service - interest and charges	-	5,661	-
TOTAL EXPENDITURES	4,333,018	883,423	2,973
REVENUES OVER (UNDER) EXPENDITURES	(364,774)	(6,158)	104,915
OTHER FINANCING SOURCES (USES)			
Transfer in	453,778	-	-
Transfer out	(93,300)	-	(153,299)
TOTAL OTHER FINANCING SOURCES (USES)	360,478	-	(153,299)
NET CHANGE IN FUND BALANCES	(4,296)	(6,158)	(48,384)
FUND BALANCES, BEGINNING OF YEAR,	4,296	17,943	149,398
FUND BALANCES, END OF YEAR	\$ -	\$ 11,785	\$ 101,014

The accompanying notes are an integral part of these financial statements.

REVENUE SHARING RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 877,142	\$ 387,833	\$ 4,561,751
-	-	5,772
-	205,766	414,020
-	513,888	782,790
-	2,050	4,524
-	781,065	1,673,459
-	69,180	82,295
-	23,557	94,477
-	15,667	16,267
-	-	95,240
-	-	8,640
-	59,650	149,960
877,142	2,058,656	7,889,195
-	-	170,322
-	136,984	672,520
-	134,480	1,338,126
-	778,548	2,886,241
-	7,660	7,660
-	580,057	1,614,287
-	668,777	668,777
-	155,696	155,696
-	-	135,831
-	-	26,495
-	-	5,661
-	2,462,202	7,681,616
877,142	(403,546)	207,579
-	487,068	940,846
(192,725)	(275,522)	(714,846)
(192,725)	211,546	226,000
684,417	(192,000)	433,579
758,525	1,122,799	2,052,961
\$ 1,442,942	\$ 930,799	\$ 2,486,540

ALCONA COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds	\$ 433,579
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	220,839
Subtract: depreciation expense	(293,520)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the funds, rather they are deferred to the following fiscal year

Subtract: change in deferred revenue for ambulance charges	23,830
Add: change in deferred revenue for Housing Commission loans	(27,381)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	26,495
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: increase in the accrual of compensated absences	(31,422)
Add: decrease in postclosure landfill costs	3,805

Change in net assets of governmental activities	\$ <u>356,225</u>
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The accompanying notes are an integral part of these financial statements.

ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 2,705,200	\$ 2,705,200	\$ 2,708,760	\$ 3,560
Licenses and permits	5,800	5,800	5,772	(28)
Federal grants	216,384	216,384	208,254	(8,130)
State grants	407,295	407,295	268,902	(138,393)
Contributions from local units	3,000	3,000	2,474	(526)
Charges for services	542,450	542,450	606,174	63,724
Fines and forfeits	18,000	18,000	13,115	(4,885)
Interest	75,000	75,000	58,272	(16,728)
Rent	4,000	4,000	8,640	4,640
Other	59,264	58,932	87,881	28,949
TOTAL REVENUES	4,036,393	4,036,061	3,968,244	(67,817)
EXPENDITURES				
Legislative	149,000	149,000	170,322	21,322
Judicial	615,255	614,780	535,536	(79,244)
General government	1,210,927	1,209,727	1,203,646	(6,081)
Public safety	2,200,531	2,200,863	2,107,693	(93,170)
Health and welfare	175,017	175,017	179,990	4,973
Other	113,650	113,650	135,831	22,181
TOTAL EXPENDITURES	4,464,380	4,463,037	4,333,018	(130,019)
REVENUES OVER (UNDER) EXPENDITURES	(427,987)	(426,976)	(364,774)	62,202
OTHER FINANCING SOURCES (USES)				
Transfer in	523,476	523,476	453,778	(69,698)
Transfer (out)	(99,500)	(99,500)	(93,300)	(6,200)
TOTAL OTHER FINANCING (USES)	423,976	423,976	360,478	(63,498)
NET CHANGE IN FUND BALANCES	(4,011)	(3,000)	(4,296)	(1,296)
FUND BALANCE, BEGINNING OF YEAR	4,296	4,296	4,296	-
FUND BALANCE, END OF YEAR	\$ 285	\$ 1,296	\$ -	\$ (1,296)

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
AMBULANCE SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 583,843	\$ 583,843	\$ 588,016	\$ 4,173
Charges for services	276,100	276,100	286,220	10,120
Contributions	-	-	600	600
Other	500	500	2,429	1,929
TOTAL REVENUES	860,443	860,443	877,265	16,822
EXPENDITURES				
Health and welfare	853,443	860,443	851,267	(9,176)
Debt service principal	-	-	26,495	26,495
Debt service interest expense	-	-	5,661	5,661
TOTAL EXPENDITURES	853,443	860,443	883,423	22,980
REVENUES OVER (UNDER) EXPENDITURES	7,000	-	(6,158)	(6,158)
OTHER FINANCING SOURCES				
Transfer in	-	-	-	-
NET CHANGE IN FUND BALANCE	7,000	-	(6,158)	(6,158)
FUND BALANCE, BEGINNING OF YEAR	17,943	17,943	17,943	-
FUND BALANCE, END OF YEAR	\$ 24,943	\$ 17,943	\$ 11,785	\$ (6,158)

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HOUSING COMMISSION ADMINISTRATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Loan repayments	\$ 40,000	\$ 40,000	\$ 95,240	\$ 55,240
Interest	5,000	5,000	12,648	7,648
TOTAL REVENUES	45,000	45,000	107,888	62,888
EXPENDITURES				
Health and welfare	2,000	2,000	2,973	973
REVENUES OVER EXPENDITURES	43,000	43,000	104,915	61,915
OTHER FINANCING SOURCES (USES)				
Transfers out	(43,000)	(43,000)	(153,299)	(110,299)
NET CHANGE IN FUND BALANCE	-	-	(48,384)	(48,384)
FUND BALANCE, BEGINNING OF YEAR	149,398	149,398	149,398	-
FUND BALANCE, END OF YEAR	<u>\$ 149,398</u>	<u>\$ 149,398</u>	<u>\$ 101,014</u>	<u>\$ (48,384)</u>

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
REVENUE SHARING RESERVE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ -	\$ -	\$ 877,142	\$ 877,142
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	-	(192,725)	(192,725)
NET CHANGE IN FUND BALANCE	-	-	684,417	684,417
FUND BALANCE, BEGINNING OF YEAR	-	-	758,525	758,525
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 1,442,942	\$ 1,442,942

The accompanying notes are an integral part of these financial statements.

ALCONA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	ENTERPRISE			
	DELINQUENT TAX REVOLVING FUND	DELINQUENT TAX PROPERTY SALES	D.P.W. SEWER	TOTAL
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	3,221,163	571,064	-	3,792,227
Taxes receivable - delinquent	236,950	-	-	236,950
Due from other governmental units	-	-	19,000	19,000
Interest receivable	17,561	-	-	17,561
Due from other funds	20,000	-	-	20,000
Total current assets	3,495,674	571,064	19,000	4,085,738
Long-term assets:				
Due from other governmental units, more than one year	-	-	176,000	176,000
Advances to other funds	50,575	-	-	50,575
Total long-term assets	50,575	-	176,000	226,575
<u>TOTAL ASSETS</u>	3,546,249	571,064	195,000	4,312,313
LIABILITIES				
Bonds payable, current	-	-	19,000	19,000
Due to other funds	67,970	-	-	67,970
Total current liabilities	67,970	-	19,000	86,970
Long-term liabilities				
Bonds payable, noncurrent	-	-	176,000	176,000
<u>TOTAL LIABILITIES</u>	67,970	-	195,000	262,970
NET ASSETS				
Unrestricted	\$ 3,478,279	\$ 571,064	\$ -	\$ 4,049,343

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ENTERPRISE			
	DELINQUENT TAX REVOLVING FUND	DELINQUENT TAX PROPERTY SALES	D.P.W. SEWER	TOTAL
OPERATING REVENUES				
Interest on delinquent taxes	\$ 92,607	\$ -	\$ -	\$ 92,607
Collection fees	53,154	-	-	53,154
Forfeiture fees	-	75,434	-	75,434
Sale of foreclosed property	-	35,994	-	35,994
Other	2,275	-	5,325	7,600
TOTAL OPERATING REVENUES	148,036	111,428	5,325	264,789
OPERATING EXPENSES				
Other	2,714	67,748	5,325	75,787
OPERATING INCOME	145,322	43,680	-	189,002
NONOPERATING REVENUE				
Interest on investments	163,391	6,997	-	170,388
INCOME BEFORE TRANSFERS	308,713	50,677	-	359,390
TRANSFERS				
Transfers in	1,132	-	-	1,132
Transfers out	(152,132)	(75,000)	-	(227,132)
NET TRANSFERS	(151,000)	(75,000)	-	(226,000)
CHANGE IN NET ASSETS	157,713	(24,323)	-	133,390
NET ASSETS, BEGINNING OF YEAR	3,320,566	595,387	-	3,915,953
NET ASSETS, END OF YEAR	\$ 3,478,279	\$ 571,064	\$ -	\$ 4,049,343

The accompanying notes are an integral part of these financial statements.

**ALCONA COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ENTERPRISE			
	DELINQUENT TAX REVOLVING FUND	DELINQUENT TAX PROPERTY SALES	D.P.W. SEWER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 202,074	\$ 112,546	\$ -	\$ 314,620
Cash received from interfund services provided	1,096,752	-	-	1,096,752
Cash payments to suppliers for goods and services	(4,389)	(68,797)	-	(73,186)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,294,437	43,749	-	1,338,186
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,132	-	-	1,132
Transfers out	(152,132)	(75,000)	-	(227,132)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(151,000)	(75,000)	-	(226,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(1,385,908)	7,368	-	(1,378,540)
Interest on investments	163,391	6,997	-	170,388
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,222,517)	14,365	-	(1,208,152)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,080)	(16,886)	-	(95,966)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	79,080	16,886	-	95,966
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ -
OPERATING INCOME	\$ 145,322	\$ 43,680	\$ -	\$ 189,002
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in assets:				
Taxes receivable - delinquent	71,038	-	-	71,038
Interest receivable	(17,000)	1,118	-	(15,882)
Due from other funds	1,087,120	-	-	1,087,120
Increase (decrease) in liabilities:				
Accounts payable	(1,675)	(1,049)	-	(2,724)
Due to other funds	9,632	-	-	9,632
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,294,437	\$ 43,749	\$ -	\$ 1,338,186

The accompanying notes are an integral part of these financial statements.

ALCONA COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,832,645
Investments	<u>166</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 1,832,811</u></u>
<u>LIABILITIES</u>	
Due to State	\$ 1,165,004
Unallocated property taxes	436,087
Undistributed receipts	187,001
Undistributed penal fines	<u>44,719</u>
<u>TOTAL LIABILITIES</u>	<u><u>\$ 1,832,811</u></u>

The accompanying notes are an integral part of these financial statements.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Alcona County* (the “County”) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. REPORTING ENTITY

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The component unit discussed below is considered to be part of the County's reporting entity because of the significance of its operational or financial relationship with the County.

Road Commission - The County appoints all members of the governing board of the Road Commission. The Road Commission deposits receipts with the County. The Road Commission also has investments through the County. A complete financial statement can be obtained from the Alcona County Road Commission, 301 N. Lake Street, Lincoln, Michigan 48742.

JOINT OPERATIONS

District Health Department

The counties of Ogemaw, Oscoda, Iosco and Alcona participate jointly in the operation of the District Health Department. The financial operations of the District Health Department are recorded in the records of the Ogemaw County Health Fund.

The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for the year of 2005 were:

Ogemaw	28%	Oscoda	13%
Alcona	21%	Iosco	38%

Alcona County's appropriation to the District Health Department for 2005 was \$90,038.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *ambulance service fund* accounts for the collection of a separate tax millage that is used to fund the operations of ambulance services.

The *housing commission administration fund* provides low interest loans to assist residents in rehabilitation and construction of their homes within the County.

The *revenue sharing reserve fund* accounts for revenue from the December tax levy.

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *delinquent tax property sales fund* accounts for the sales and costs related to the delinquent tax reversion process.

The *DPW sewer fund* accounts for the payment of the general obligation bond issue by the County on behalf of the City of Harrisville.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Additionally, the County reports the following fund type:

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and the delinquent tax property sales enterprise funds are interest collected on delinquent taxes and the sale of foreclosed property. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

All short-term investments that are highly liquid and have an original maturity of three months or less are considered to be cash equivalents. Investments are stated at fair value.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

2. RECEIVABLES AND PAYABLES

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. INVENTORY

Inventories of expendable supplies have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been treated as an expenditure at the time of purchase. Inventory for the Road Commission is valued at cost as determined on the average unit cost method. Inventory items are charged to road construction, maintenance, equipment repairs and operations as they are used.

4. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Alcona), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$1,000 for the Road Commission) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Infrastructure assets for the Road Commission include all roads and bridges acquired subsequent to January 1, 2005. Infrastructure assets acquired prior to that date are not reported in the basic financial statements.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	30-50 years
Land improvements	20 years
Equipment	4-20 years
Fixtures and furniture	15-20 years
Vehicles	3-5 years
Infrastructure – Roads	8 to 30 years
Infrastructure – Bridges	12 to 50 years

5. COMPENSATED ABSENCES

Compensated Absence Liability Recognition

Vacation and sick day policies for County employees are determined by union contracts. All vacation and sick pay is accrued when incurred in the government-wide financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

7. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to December 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following January 1. This operating budget includes proposed expenditures and means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance
- All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Board of Commissioners throughout the operating year.
- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Enterprise Fund informational budget is prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (GAAP).
- The legal level of control is at the activity level for the General Fund and Special Revenue Funds except for the Revenue Sharing Reserve fund, which did not adopt a budget for the current fiscal year.
- The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures in the General Fund must be approved by the County Board of Commissioners.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2005.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL FUND			
LEGISLATIVE			
Board of Commissioners	\$ 149,000	\$ 170,322	\$ 21,322
GENERAL GOVERNMENT			
Equalization Department	182,693	192,731	10,038
Register of Deeds	171,968	172,184	216
Cooperative Extension Service	64,880	68,432	3,552
PUBLIC SAFETY			
Jail	751,454	757,054	5,600
HEALTH & WELFARE			
Veterans' Affairs	12,025	27,060	15,035
Cigarette Tax Distribution	-	5,171	5,171
Contagious diseases	-	128	128
OTHER			
Employer Costs and Fringes	5,300	32,804	27,504
AMBULANCE SERVICE FUND			
Debt Service – Principal	-	26,495	26,495
Debt Service – Interest	-	5,661	5,661
HOUSING COMMISSION			
ADMINISTRATION FUND			
Health & Welfare	2,000	2,973	973

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SPECIAL REVENUE FUNDS			
Parks and Recreation –			
Recreation & Culture	\$ 26,315	\$ 172,283	\$ 145,968
Alcona Recreation Area –			
Recreation & Culture	3,610	4,271	661
DPW Landfill–			
Public Works	3,500	7,660	4,160
D.A.R.E.-			
Public Safety	4,700	4,970	270
Michigan Justice Training–			
Public Safety	3,500	4,456	956
Social Welfare –			
Health & Welfare	139,400	196,362	56,962
Child Care –			
Health & Welfare	5,420	115,937	110,517
Veterans Trust-			
Health & Welfare	-	100	100
Housing Commission Revolving-			
Health & Welfare	167,620	218,689	51,069
County Fair-			
Recreation & Culture	65,000	72,470	7,470
H.U.N.T.-			
Public Safety	-	63,253	63,253
Sick & Vacation-			
General Government	15,000	16,739	1,739
Public Guardian-			
Public Safety	-	22,266	22,266
Harbortown Market Place-			
Recreation & Culture	34,280	40,338	6,058
Local Correction Officer Training-			
Public Safety	3,000	3,503	503

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 629,788
Investments	4,619,916
Component Units:	
Cash and cash equivalents	773,113
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	1,832,645
Investments	<u>166</u>
 Total	 <u><u>\$ 7,855,628</u></u>
 Notes to Financial Statements:	
Deposits	\$ 7,427,563
Investments	415,063
Cash on hand	<u>13,002</u>
 Total	 <u><u>\$ 7,855,628</u></u>

Deposits and investments

The County chooses to disclose its investments by specifically indentifying each. As of December 31, 2005, the County had the following investments.

	Maturity	Fair Value	Rating
Governmental money market	n/a	\$ 415,063	n/a

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified below. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

rates.

Credit Risk. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The County's investment in the Governmental money market is not rated.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$6,406,468 of the County's bank balance of \$8,334,256 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified below. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Statutory Authority

State statutes authorize the County to invest in:

- Bonds, securities, repurchase agreements and other obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through 12/31/97.

An attorney general's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The County's deposits and investments are in accordance with statutory authority.

B. RECEIVABLES

Receivables in the primary government and component unit are as follows:

	Governmental Activities	Business-type Activities	Component Unit
Taxes	\$ 2,927,489	\$ 236,950	\$ -
Accounts	339,391	-	79,489
Interest	261	17,561	-
Loans			
Due within one year	45,313	-	-
Due after one year	1,194,257	-	-
Intergovernmental	<u>197,963</u>	<u>195,000</u>	<u>393,649</u>
Total	<u>\$ 4,704,674</u>	<u>\$ 449,511</u>	<u>\$ 473,138</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ -	\$ 982,167
Property taxes receivable (Ambulance Service Fund)	-	632,425
Property taxes receivable (Nonmajor Governmental Funds)	-	398,646
Long-term receivable (Ambulance Service Fund)	237,307	-
Long-term receivable (Housing Commission Administration)	<u>1,239,570</u>	<u>-</u>
Total	<u>\$ 1,476,877</u>	<u>\$2,013,238</u>

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 175,500	\$ -	\$ -	\$ 175,500
Work in process	<u>18,000</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>
Total capital assets not being depreciated	<u>193,500</u>	<u>-</u>	<u>(18,000)</u>	<u>175,500</u>
Capital assets being depreciated:				
Buildings & improvements	3,870,230	-	-	3,870,230
Land improvements	130,807	-	-	130,807
Equipment	868,876	184,009	(56,604)	996,281
Fixtures and furniture	39,188	9,350	-	48,538
Vehicles	<u>484,739</u>	<u>38,378</u>	<u>(50,223)</u>	<u>472,894</u>
Total capital assets being depreciated	<u>5,393,840</u>	<u>231,737</u>	<u>(106,827)</u>	<u>5,518,750</u>

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Less accumulated depreciation				
Buildings & improvements	\$(1,862,766)	\$ (91,881)	\$ -	\$(1,954,647)
Land improvements	(18,430)	(6,540)	-	(24,970)
Equipment	(579,295)	(102,840)	56,604	(625,531)
Furniture and fixtures	(12,935)	(2,875)	-	(15,810)
Vehicles	<u>(351,189)</u>	<u>(89,384)</u>	<u>50,223</u>	<u>(390,350)</u>
Total accumulated depreciation	<u>(2,824,615)</u>	<u>(293,520)</u>	<u>106,827</u>	<u>(3,011,308)</u>
Total capital assets being depreciated, net	<u>2,569,225</u>	<u>(61,783)</u>	<u>-</u>	<u>2,507,442</u>
Governmental activities capital assets, net	<u>\$ 2,762,725</u>	<u>\$ (61,783)</u>	<u>\$ (18,000)</u>	<u>\$ 2,682,942</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 45,086
Public safety	107,620
Health and welfare	57,135
Culture and recreation	<u>83,679</u>
Total depreciation expense – governmental activities	<u>\$ 293,520</u>

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Activity for the Road Commission for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 91,689	\$ -	\$ -	\$ 91,689
Land improvements – infrastructure	<u>617,856</u>	<u>866,889</u>	<u>-</u>	<u>1,484,745</u>
Total capital assets not being depreciated	<u>709,545</u>	<u>866,889</u>	<u>-</u>	<u>1,576,434</u>
Capital assets being depreciated:				
Buildings	653,427	10,575	-	664,002
Land improvements	65,691	-	-	65,691
Equipment	4,522,593	349,997	(156,995)	4,715,595
Depletable assets	95,995	-	-	95,995
Infrastructure	<u>6,079,487</u>	<u>1,046,296</u>	<u>-</u>	<u>7,125,783</u>
Total capital assets being depreciated	<u>11,417,193</u>	<u>1,406,868</u>	<u>(156,995)</u>	<u>12,667,066</u>
Less accumulated depreciation				
Buildings	(358,912)	(35,034)	-	(393,946)
Land improvements	(65,690)	-	-	(65,690)
Equipment	(3,456,265)	(434,659)	158,421	(3,732,503)
Depletable assets	(95,995)	-	-	(95,995)
Infrastructure	<u>(2,394,398)</u>	<u>(243,285)</u>	<u>-</u>	<u>(2,637,683)</u>
Total accumulated depreciation	<u>(6,371,260)</u>	<u>(712,978)</u>	<u>158,421</u>	<u>(6,925,817)</u>
Total capital assets being depreciated, net	<u>5,045,933</u>	<u>693,890</u>	<u>1,426</u>	<u>5,741,249</u>
Governmental activities capital assets, net	<u>\$ 5,755,478</u>	<u>\$ 1,560,779</u>	<u>\$ 1,426</u>	<u>\$ 7,317,683</u>

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To	Due From				Total
	General Fund	Revenue Sharing Reserve	Nonmajor Governmental funds	Delinquent Tax Revolving Fund	
General Fund	\$ -	\$ 311,342	\$ 244,391	\$ -	\$ 555,733
Nonmajor Governmental Funds	961	-	196,405	67,970	265,336
Delinquent Tax Revolving Fund	-	-	20,000	-	20,000
Revenue Sharing Reserve	1,754,284	-	-	-	1,754,284
Total	<u>\$ 1,755,245</u>	<u>\$ 311,342</u>	<u>\$ 460,796</u>	<u>\$ 67,970</u>	<u>\$ 2,595,353</u>

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Advances to/from other funds		
Nonmajor governmental funds	\$ 50,575	\$ -
Delinquent tax revolving fund	-	50,575
Total	<u>\$ 50,575</u>	<u>\$ 50,575</u>

The advance between the Delinquent tax revolving fund and the nonmajor governmental funds is for start up costs with the Library.

Transfer From	Transfers To			Total
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	
General Fund	\$ -	\$ 93,300	\$ -	\$ 93,300
Housing Commission Administration	-	153,299	-	153,299
Revenue Sharing Reserve	192,725	-	-	192,725
Nonmajor Governmental Funds	186,053	88,337	1,132	275,522
Delinquent Tax Revolving Fund	-	152,132	-	152,132
Delinquent Tax Property Sales Fund	75,000	-	-	75,000
Total	<u>\$ 453,778</u>	<u>\$ 487,068</u>	<u>\$ 1,132</u>	<u>\$ 941,978</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

E. LONG-TERM DEBT

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. The original amount of general obligation bonds issued in prior years was \$462,000.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

General obligation bonds and notes are direct obligations bonds and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. All of the bond payments are reimbursed by other governmental entities. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.3%	\$ 61,695
Business-type activities	5.0-8.0%	195,000

Annual debt service requirements to maturity for general obligation bonds and the note payable are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 29,377	\$ 2,780	\$ 19,000	\$ 9,750
2007	32,318	1,421	20,000	8,800
2008	-	-	21,000	7,800
2009	-	-	22,000	6,750
2010	-	-	22,000	5,650
2011-2014	-	-	91,000	11,600
Total	<u>\$ 61,695</u>	<u>\$ 4,201</u>	<u>\$ 195,000</u>	<u>\$ 50,350</u>

<u>Year Ending December 31</u>	<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 238,671	\$ 29,266
2007	45,700	19,436
2008	388,672	16,355
Total	<u>\$ 673,043</u>	<u>\$ 65,057</u>

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
Note payable - ambulance	\$ 88,190	\$ -	\$ (26,495)	\$ 61,695	\$ 29,377
Postclosure landfill	80,214	-	(3,805)	76,409	4,032
Compensated absences	<u>402,115</u>	<u>209,679</u>	<u>(178,257)</u>	<u>433,537</u>	<u>433,537</u>
Governmental activity					
Total long-term liabilities	<u>\$ 570,519</u>	<u>\$ 209,679</u>	<u>\$(208,557)</u>	<u>\$ 571,641</u>	<u>\$ 466,946</u>
Business type activities:					
DPW Sewer					
General obligation bonds	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 19,000</u>
Component Unit					
Road Commission					
General obligation bonds	\$ 390,000	\$ -	\$(195,000)	\$ 195,000	\$ 195,000
Notes payable	523,611	-	(45,568)	478,043	43,671
Compensated absences	<u>239,887</u>	<u>-</u>	<u>(39,279)</u>	<u>200,608</u>	<u>-</u>
Total Road Commission	<u>\$1,153,498</u>	<u>\$ -</u>	<u>\$(279,847)</u>	<u>\$ 873,651</u>	<u>\$ 238,671</u>

In the governmental activities, compensated absences and the postclosure landfill liability are generally liquidated by the general fund.

IV. OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLAN

Description of the Plan

Plan Description. The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal way, Lansing, Michigan 48197 or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate. County employees are required to contribute 0% to 3% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Cost. For the year ended December 31, 2005, the County's annual pension cost of \$294,129 for MERS was equal to the County's required and actual contributions. The required contribution rate was determined using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 28 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$301,907	100%	-
12/31/04	318,882	100%	-
12/31/05	294,129	100%	-

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$4,930,403	\$9,853,046	\$1,922,643	71.9%	\$1,720,153	111.8%
12/31/03	5,349,469	7,517,377	2,167,908	71.2%	1,941,483	111.7%
12/31/04	5,746,564	7,883,231	2,136,667	73.0%	1,822,480	117.0%

B. EMPLOYEE RETIREMENT AND BENEFITS – ROAD COMMISSION

Defined Contribution Plan

The Road Commission contributes to the Alcona County Road Commission Retirement Plan, which is a defined contribution pension plan, fully funded through American Funds. The Board of Road Commissioners is the trustee of the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits of a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

Contributions made by the Road Commission are vested at 100% immediately. The Road Commission is required to contribute an amount equal to 4% of the employee's gross earnings. Effective November 14, 2005, this contribution was increased to 5% in accordance with Article 11 of a new labor agreement negotiated with Teamsters Local 214. Employees are not required to make contributions. The Road Commission made contributions in 2005 totaling \$44,840 based on employee wages of \$1,186,687. There are currently 32 employees included in the plan.

The Road Commission retirement plan held no securities in or loans to parties related to the plan.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

The financial information for the pension plan was available through the American Funds annual statement as of December 31, 2004 for presentation in the basic financial statements. A summary of activity in the plan is as follows (at fair value).

Balance, January 1, 2005	\$ 801,881
Contributions	44,840
Withdrawals	(132,550)
Change in value, including dividend and capital gain reinvestments and fees	<u>46,691</u>
Balance, December 31, 2005	<u>\$ 760,862</u>

Deferred Compensation Plan

The Road Commission offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are the agents of the employer (Road Commission) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the financial statements.

C. POSTEMPLOYMENT BENEFITS

In addition to the pension benefits, the Road Commission provides postemployment health care insurance benefits to all retired employees by a group insurance plan. The benefits are provided in accordance with articles of the union agreement and coverage is similar to current employee coverage which ceased in November 2005 with a new labor agreement. The Road Commission submits payments to the health insurance provider for retiree premiums on a monthly basis. These premiums are reimbursed by the retiree in the following month. Total premiums submitted on behalf of four retirees was \$39,386. Effective November 14, 2005, the Road Commission increased its contribution for retired employees at age 62, 63 or 64 from \$400 per year to \$1,000 per year for hospital, medical, and life insurance purposes until the retiree reaches age 65 in accordance with Article 19, section 4 of a new Labor Agreement negotiated with Teamsters Local 214.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

D. PROPERTY TAXES

Property taxes become an enforceable lien on property as of December 1. Taxes are levied on December 1, and are payable by February 28. The cities and townships within the County bill and collect the property taxes for the County. County taxes levied December 1 are considered revenue for the subsequent year; therefore, taxes receivable in the governmental funds have been offset by deferred revenue. Real and personal property for the December 1, 2005 levy was assessed and equalized at \$618,048,123. The 2005 operating tax rates are 4.2597 mills for operating, 0.9544 for ambulance service, 0.4805 for the county library and 0.1500 for H.U.N.T.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over three years from winter to summer.

E. MUNICIPAL SOLID WASTE LANDFILL POSTCLOSURE CARE COSTS

The County operated a landfill, the Alcona County Landfill (the "Landfill"), which was "Capped" on October 31, 1988, under Public Act No. 641 of 1978. The postclosure is presently governed by the State of Michigan Department of Environmental Quality (the "DEQ").

The Landfill is no longer accepting solid waste. Under regulations set forth by the DEQ, the County is required to perform annual ground water monitoring at the Landfill for a period of 30 years subsequent to its closure. In accordance with Governmental Accounting Standards Board Statement 18, *Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, management of the County has estimated the future postclosure costs expected to be incurred associated with the monitoring and the maintenance of the Landfill.

Past costs have been financed through the proceeds of a land contract on the sale of a Landfill Transfer Station neighboring the Landfill, which was sold several years ago. Future costs will be the responsibility of the County. Management anticipates that future monitoring costs will consist of only the costs associated with the ground water testing. Any liability related to any other costs, which may possibly be incurred, is not reasonably estimatable at this time and is not included in management's estimated liability. The estimated liability for expected postclosure costs as of December 31, 2005 is \$76,409.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

F. CONTINGENCIES AND PENDING LITIGATION

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

G. PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2005, a prior period adjustment in the amount of \$628,732 was necessary to properly account for an overstatement of capital assets in the Statement of Net Assets, during the year ended December 31, 2004. The effect on the Statement of Net Assets net asset balance was as follows:

Net assets, beginning of year, as previously stated	\$ 6,347,225
Prior period adjustment - Statement of Net Assets	<u>(628,732)</u>
Net assets, beginning of year, as restated	<u>\$ 5,718,493</u>

Within the enterprise fund type, certain funds that were previously recorded as debt service and capital projects funds are now reported as enterprise funds. The purpose of this restatement was to comply with the Michigan Committee on Governmental Accounting and Auditing Statement 10, as Amended, Accounting and Reporting Infrastructure Assets for Local Water and Sewer Systems and County Drains. The restatement had the same effect on the net assets of the business-type activities as on the government-wide financial statements.

The Road Commission elected to record specific items of Infrastructure in accordance with provisions of GASB Statement Number 34 amounting to \$5,211,936. Relative accumulated depreciation of these assets was \$2,394,398 resulting in an adjustment to beginning net assets for \$2,817,538.

H. SUBSEQUENT EVENTS

After fiscal year end, the Road Commission authorized equipment purchases in the amount of \$141,000. Additionally in March 2006, the Road Commission executed a State Infrastructure Loan in the amount of \$1,000,000 at 3%, annual installments of \$269,027, for improvements to Ritchie Road.

ALCONA COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

I. DEFICIT EQUITY

The DPW Landfill and Child Care Special Revenue Funds have deficit equity's of \$9 and \$1,037, respectively. The deficit in the DPW Landfill arose due to unanticipated expenditures. It is expected that these expenditures will not occur in subsequent years and the deficit will be eliminated with a General fund subsidy. The deficit in the Child Care fund occurred due to the General fund being unable to provide additional subsidies.

* * * * *

GENERAL FUND

**ALCONA COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
TAXES AND PENALTIES				
Current property taxes	\$ 2,663,800	\$ 2,663,800	\$ 2,662,282	\$ (1,518)
Unpaid personal property taxes	14,000	14,000	17,440	3,440
Payments in lieu of taxes	25,300	25,300	28,483	3,183
Trailer park tax	100	100	84	(16)
Interest on taxes	2,000	2,000	471	(1,529)
TOTAL TAXES AND PENALTIES	2,705,200	2,705,200	2,708,760	3,560
LICENSES AND PERMITS				
Dog licenses	2,500	2,500	2,267	(233)
Marriage licenses	500	500	455	(45)
Pistol permits	2,400	2,400	2,704	304
Boat livery tags	400	400	346	(54)
TOTAL LICENSES AND PERMITS	5,800	5,800	5,772	(28)
FEDERAL GRANTS				
Emergency services	155,384	155,384	156,393	1,009
School liaison officer	31,000	31,000	30,662	(338)
JAIB Grant	8,000	8,000	-	(8,000)
Cooperative reimbursement program - Prosecuting Attorney	22,000	22,000	21,199	(801)
TOTAL FEDERAL GRANTS	216,384	216,384	208,254	(8,130)
STATE GRANTS				
Probate judges' salaries	20,000	20,000	28,128	8,128
Secondary road patrol program	54,500	54,500	53,608	(892)
Marine safety program	18,000	18,000	17,335	(665)
Snowmobile safety program	2,000	2,000	-	(2,000)
Drunk driving caseflow assistance	3,200	3,200	-	(3,200)
Court equity	72,495	72,495	56,558	(15,937)
Court juvenile officer	7,500	7,500	20,488	12,988
Youth/family surveillance	13,100	13,100	11,205	(1,895)
Judges' salary standardization	5,000	5,000	5,750	750
Voter registration	500	500	240	(260)
Bulletproof vest reimbursement grant	145,000	145,000	-	(145,000)
Sheriff park patrol	5,000	5,000	5,869	869
Transporting prisoners	3,000	3,000	5,550	2,550
State liquor tax	58,000	58,000	55,706	(2,294)
State cigarette tax	-	-	7,326	7,326
Judicial technology improvement	-	-	1,049	1,049
Drug caseflow	-	-	90	90
TOTAL STATE GRANTS	407,295	407,295	268,902	(138,393)
CONTRIBUTIONS FROM LOCAL UNITS	3,000	3,000	2,474	(526)

(Continued)

**ALCONA COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
CHARGES FOR SERVICES				
Circuit court costs	\$ 15,000	\$ 15,000	\$ 17,057	\$ 2,057
District court costs	145,000	145,000	154,454	9,454
Bond costs	4,000	4,000	2,549	(1,451)
District court fees	15,200	15,200	15,905	705
Court-appointed attorney fees	13,000	13,000	9,958	(3,042)
Probation fees	31,500	31,500	33,762	2,262
Friend of the court fees	100	100	334	234
Circuit court fees	4,500	4,500	4,690	190
Clerk services	7,500	7,500	11,052	3,552
Probate court fees	7,000	7,000	10,863	3,863
Equalization services	3,500	3,500	5,605	2,105
Treasurer's services	4,000	4,000	4,197	197
Prosecution and investigation fees	11,000	11,000	10,280	(720)
Real estate transfer tax	65,000	65,000	60,171	(4,829)
Register of deed's fees	103,500	103,500	131,769	28,269
Remonumentation	350	350	320	(30)
Child care collection fees	400	400	673	273
Sheriff services	13,600	13,600	13,435	(165)
Employee meals	700	700	89	(611)
Salvage vehicle inspection	200	200	800	600
Record copying	1,000	1,000	732	(268)
Computer services	40,000	40,000	40,000	-
Sex offender registry	-	-	330	330
Inmates' room and board	56,400	56,400	77,149	20,749
TOTAL CHARGES FOR SERVICES	542,450	542,450	606,174	63,724
FINES AND FORFEITS				
Bond forfeiture	18,000	18,000	13,115	(4,885)
INVESTMENT INCOME	75,000	75,000	58,272	(16,728)

(Continued)

ALCONA COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
RENT				
Library	\$ 4,000	\$ 4,000	\$ 8,640	\$ 4,640
TOTAL RENT	4,000	4,000	8,640	4,640
OTHER REVENUES				
Miscellaneous refunds	30,300	30,300	61,488	31,188
Sale of capital assets	6,000	6,000	6,702	702
Other	22,964	22,632	19,691	(2,941)
TOTAL OTHER REVENUES	59,264	58,932	87,881	28,949
TOTAL REVENUES	4,036,393	4,036,061	3,968,244	(67,817)
TRANSFERS IN	523,476	523,476	453,778	(69,698)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 4,559,869	\$ 4,559,537	\$ 4,422,022	\$ (137,515)

ALCONA COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
LEGISLATIVE				
Board of Commissioners	\$ 149,000	\$ 149,000	\$ 170,322	\$ 21,322
JUDICIAL				
Multicounty Circuit Court	283,160	283,160	233,376	(49,784)
District Court	185,053	185,053	175,054	(9,999)
Probate Court	144,542	144,067	125,844	(18,223)
Jury Commission	2,500	2,500	1,262	(1,238)
TOTAL JUDICIAL	615,255	614,780	535,536	(79,244)
GENERAL GOVERNMENT				
Elections	5,900	5,900	4,615	(1,285)
County clerk	191,134	191,134	191,118	(16)
Equalization department	182,693	182,693	192,731	10,038
Prosecuting attorney	225,631	225,631	219,436	(6,195)
Register of deeds	171,968	171,968	172,184	216
County treasurer	142,865	142,865	140,500	(2,365)
Cooperative extension service	64,880	64,880	68,432	3,552
Central data processing/repairs	72,800	72,800	65,997	(6,803)
Buildings and grounds	149,756	148,556	145,333	(3,223)
Soil conservation	3,300	3,300	3,300	-
TOTAL GENERAL GOVERNMENT	1,210,927	1,209,727	1,203,646	(6,081)
PUBLIC SAFETY				
Sheriff department	1,114,432	1,114,432	1,076,741	(37,691)
Marine safety	28,139	28,139	7,970	(20,169)
Snowmobile safety	6,000	6,000	454	(5,546)
Secondary road patrol	111,237	111,237	88,708	(22,529)
Jail	751,454	751,454	757,054	5,600
Office of emergency preparedness	181,269	181,601	168,766	(12,835)
Animal shelter	8,000	8,000	8,000	-
TOTAL PUBLIC SAFETY	2,200,531	2,200,863	2,107,693	(93,170)

(Continued)

**ALCONA COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
HEALTH AND WELFARE				
Medical examiner	\$ 10,000	\$ 10,000	\$ 5,125	\$ (4,875)
Veterans' affairs	12,025	12,025	27,060	15,035
Substance abuse	26,000	26,000	25,614	(386)
Multicounty District Health	90,038	90,038	90,038	-
Multicounty Mental Health	35,454	35,454	26,854	(8,600)
Recycle Alcona	1,500	1,500	-	(1,500)
Cigarette tax distribution	-	-	5,171	5,171
Contagious diseases	-	-	128	128
TOTAL HEALTH AND WELFARE	175,017	175,017	179,990	4,973
OTHER				
Insurance and bonds	108,350	108,350	103,027	(5,323)
Employer costs and fringes	5,300	5,300	32,804	27,504
TOTAL OTHER	113,650	113,650	135,831	22,181
TOTAL EXPENDITURES	4,464,380	4,463,037	4,333,018	(130,019)
TRANSFERS OUT				
Parks and Recreation	1,000	1,000	1,000	-
Alcona Recreation Area	3,500	3,500	3,500	-
DPW Landfill	7,000	7,000	7,300	300
Economic Development	8,000	8,000	10,000	2,000
Child Care	80,000	80,000	60,000	(20,000)
Public Guardian	-	-	6,500	6,500
Social Welfare	-	-	5,000	5,000
TOTAL TRANSFERS OUT	99,500	99,500	93,300	(6,200)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 4,563,880	\$ 4,562,537	\$ 4,426,318	\$ (136,219)

NONMAJOR GOVERNMENTAL FUNDS

**ALCONA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 524,443	\$ 222	\$ 524,665
Investments	504,437	67,408	571,845
Taxes receivable	398,646	-	398,646
Accounts receivable	61,094	-	61,094
Interest receivable	193	68	261
Due from other funds	239,010	26,326	265,336
Due from State	91,681	-	91,681
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 1,819,504	\$ 94,024	\$ 1,913,528
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 32,246	\$ 79	\$ 32,325
Accrued liabilities	4,258	-	4,258
Deposits payable	4,129	-	4,129
Due to other funds	367,141	93,655	460,796
Due to State	32,000	-	32,000
Deferred revenue	398,646	-	398,646
Advances from other funds	50,575	-	50,575
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	888,995	93,734	982,729
	<hr/>	<hr/>	<hr/>
<u>FUND EQUITY</u>			
Fund balances:			
Reserved	3,795	290	4,085
Unreserved - undesignated	926,714	-	926,714
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	930,509	290	930,799
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 1,819,504	\$ 94,024	\$ 1,913,528
	<hr/>	<hr/>	<hr/>

ALCONA COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Property taxes	\$ 387,833	\$ -	\$ 387,833
Federal grants	152,871	52,895	205,766
State grants	513,888	-	513,888
Contributions from local units	2,050	-	2,050
Charges for services	781,065	-	781,065
Fines and forfeits	69,180	-	69,180
Interest	21,430	2,127	23,557
Donations	15,667	-	15,667
Other	59,650	-	59,650
TOTAL REVENUES	2,003,634	55,022	2,058,656
EXPENDITURES			
Judicial	136,984	-	136,984
General government	134,480	-	134,480
Public safety	778,548	-	778,548
Public works	7,660	-	7,660
Health and welfare	580,057	-	580,057
Recreation and cultural	668,777	-	668,777
Capital outlay	-	155,696	155,696
TOTAL EXPENDITURES	2,306,506	155,696	2,462,202
REVENUES OVER (UNDER) EXPENDITURES	(302,872)	(100,674)	(403,546)
OTHER FINANCING SOURCES (USES)			
Transfers in	386,936	100,132	487,068
Transfers out	(275,522)	-	(275,522)
TOTAL OTHER FINANCING SOURCES (USES)	111,414	100,132	211,546
NET CHANGE IN FUND BALANCES	(191,458)	(542)	(192,000)
FUND BALANCES, BEGINNING OF YEAR	1,121,967	832	1,122,799
FUND BALANCES, END OF YEAR	\$ 930,509	\$ 290	\$ 930,799

**ALCONA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

	PARKS AND RECREATION	ALCONA RECREATION AREA	INMATE WELFARE	FRIEND OF THE COURT
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 982	\$ 5,056	\$ 4,432
Investments	56,346	1,283	-	501
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from State	13,580	-	-	32,175
<u>TOTAL ASSETS</u>	<u>\$ 69,926</u>	<u>\$ 2,265</u>	<u>\$ 5,056</u>	<u>\$ 37,108</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,432
Accrued liabilities	-	-	-	923
Deposits payable	-	-	4,129	-
Due to other funds	43,145	-	-	-
Due to State	-	-	-	-
Deferred revenue	-	-	-	-
Advances from other funds	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>43,145</u>	<u>-</u>	<u>4,129</u>	<u>7,355</u>
FUND EQUITY				
Fund balances:				
Reserved	-	-	-	-
Unreserved - undesignated	26,781	2,265	927	29,753
<u>TOTAL FUND BALANCES (DEFICIT)</u>	<u>26,781</u>	<u>2,265</u>	<u>927</u>	<u>29,753</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 69,926</u>	<u>\$ 2,265</u>	<u>\$ 5,056</u>	<u>\$ 37,108</u>

DISCRETIONARY	DPW LANDFILL	BUDGET STABILIZATION	RIECKER MEMORIAL	COUNTY LIBRARY	BUILDING INSPECTION FUND
\$ -	\$ 29	\$ 226,618	\$ 963	\$ 37,819	\$ 62,646
12,000	21	-	-	30,159	-
-	-	-	-	303,843	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	73,655	-	73,297	-
-	-	-	-	-	-
\$ 12,000	\$ 50	\$ 300,273	\$ 963	\$ 445,118	\$ 62,646
\$ -	\$ 59	\$ -	\$ -	\$ 4,586	\$ 2,796
-	-	-	-	85	369
-	-	-	-	-	-
11,786	-	207,662	-	-	-
-	-	-	-	-	-
-	-	-	-	303,843	-
-	-	-	-	50,575	-
11,786	59	207,662	-	359,089	3,165
-	-	-	-	-	-
214	(9)	92,611	963	86,029	59,481
214	(9)	92,611	963	86,029	59,481
\$ 12,000	\$ 50	\$ 300,273	\$ 963	\$ 445,118	\$ 62,646

(Continued)

ALCONA COUNTY, MICHIGAN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	ECONOMIC			
	LAW	LIBRARY	DEVELOPMENT	LAW
	LIBRARY	MEMORIAL	COMMISSION	ENFORCEMENT
<u>ASSETS</u>				
Cash and cash equivalents	\$ 30	\$ 6,883	\$ 215	\$ 3,477
Investments	101	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	1,250	-	-	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from State	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,381</u>	<u>\$ 6,883</u>	<u>\$ 215</u>	<u>\$ 3,477</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 547	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Due to State	-	-	-	-
Deferred revenue	-	-	-	-
Advances from other funds	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>547</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Fund balances:				
Reserved	-	-	-	-
Unreserved - undesignated	834	6,883	215	3,477
<u>TOTAL FUND BALANCES (DEFICIT)</u>	<u>834</u>	<u>6,883</u>	<u>215</u>	<u>3,477</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,381</u>	<u>\$ 6,883</u>	<u>\$ 215</u>	<u>\$ 3,477</u>

DARE	MICHIGAN JUSTICE TRAINING	SOCIAL WELFARE	CHILD CARE	SHERIFF'S PAY PHONE	VETERANS TRUST	REMONUMENT- ACTION
\$ 4,458	\$ 2,308	\$ 33,511	\$ 2,252	\$ 14,373	\$ 1,034	\$ -
-	-	50,155	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	4,915	-	-	-
-	-	10,669	1,674	-	-	33,583
\$ 4,458	\$ 2,308	\$ 94,335	\$ 8,841	\$ 14,373	\$ 1,034	\$ 33,583

\$ 537	\$ -	\$ 3,882	\$ 9,878	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	14,533
-	-	32,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
537	-	35,882	9,878	-	-	14,533

-	-	3,795	-	-	-	-
3,921	2,308	54,658	(1,037)	14,373	1,034	19,050
3,921	2,308	58,453	(1,037)	14,373	1,034	19,050
\$ 4,458	\$ 2,308	\$ 94,335	\$ 8,841	\$ 14,373	\$ 1,034	\$ 33,583

(Continued)

ALCONA COUNTY, MICHIGAN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	HOUSING COMMISSION REVOLVING	COUNTY FAIR	EMERGENCY 911	H.U.N.T
<u>ASSETS</u>				
Cash and cash equivalents	\$ 20,519	\$ -	\$ -	\$ 29,140
Investments	-	4,241	295,130	-
Taxes receivable	-	-	-	94,803
Accounts receivable	-	-	59,844	-
Interest receivable	-	-	193	-
Due from other funds	-	-	-	-
Due from State	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 20,519</u>	<u>\$ 4,241</u>	<u>\$ 355,167</u>	<u>\$ 123,943</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 1,601	\$ -	\$ 474	\$ -
Accrued liabilities	-	-	2,881	-
Deposits payable	-	-	-	-
Due to other funds	-	3,833	76,745	-
Due to State	-	-	-	-
Deferred revenue	-	-	-	94,803
Advances from other funds	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>1,601</u>	<u>3,833</u>	<u>80,100</u>	<u>94,803</u>
FUND EQUITY				
Fund balances:				
Reserved	-	-	-	-
Unreserved - undesignated	18,918	408	275,067	29,140
<u>TOTAL FUND BALANCES (DEFICIT)</u>	<u>18,918</u>	<u>408</u>	<u>275,067</u>	<u>29,140</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 20,519</u>	<u>\$ 4,241</u>	<u>\$ 355,167</u>	<u>\$ 123,943</u>

SICK AND VACATION	PUBLIC GUARDIAN	HARBORTOWN MARKETPLACE	REGISTER OF DEEDS AUTOMATION	LOCAL CORRECTION OFFICER TRAINING	TOTAL
\$ 48,670	\$ 444	\$ 15,403	\$ -	\$ 3,181	\$ 524,443
-	-	-	54,500	-	504,437
-	-	-	-	-	398,646
-	-	-	-	-	61,094
-	-	-	-	-	193
87,143	-	-	-	-	239,010
-	-	-	-	-	91,681
\$ 135,813	\$ 444	\$ 15,403	\$ 54,500	\$ 3,181	\$ 1,819,504

\$ 1,056	\$ -	\$ 542	\$ (144)	\$ -	\$ 32,246
-	-	-	-	-	4,258
-	-	-	-	-	4,129
-	-	-	9,437	-	367,141
-	-	-	-	-	32,000
-	-	-	-	-	398,646
-	-	-	-	-	50,575
1,056	-	542	9,293	-	888,995

-	-	-	-	-	3,795
134,757	444	14,861	45,207	3,181	926,714
134,757	444	14,861	45,207	3,181	930,509
\$ 135,813	\$ 444	\$ 15,403	\$ 54,500	\$ 3,181	\$ 1,819,504

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	PARKS AND RECREATION			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	25,215	25,215	124,678	99,463
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	100	100	514	414
Donations	-	-	-	-
Other	-	-	21,200	21,200
TOTAL REVENUES	25,315	25,315	146,392	121,077
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	26,315	26,315	172,283	145,968
TOTAL EXPENDITURES	26,315	26,315	172,283	145,968
REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	(25,891)	(24,891)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	46,000	45,000
Transfers out	-	-	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,000	1,000	21,000	20,000
NET CHANGE IN FUND BALANCES	-	-	(4,891)	(4,891)
FUND BALANCES, BEGINNING OF YEAR	31,672	31,672	31,672	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 31,672	\$ 31,672	\$ 26,781	\$ (4,891)

ALCONA RECREATION AREA					
ORIGINAL BUDGET		AMENDED BUDGET		ACTUAL	OVER (UNDER) BUDGET
\$	-	\$	-	\$	-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	10		10		36
	-		-		-
	-		-		-
	10		10		36
	-		-		-
	-		-		-
	10		10		36
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	3,610		3,610		4,271
	3,610		3,610		4,271
	(3,600)		(3,600)		(4,235)
	3,600		3,600		3,500
	-		-		-
	3,600		3,600		3,500
	-		-		(735)
	3,000		3,000		3,000
\$	3,000	\$	3,000	\$	2,265
				\$	(735)

INMATE WELFARE					
ORIGINAL BUDGET		AMENDED BUDGET		ACTUAL	OVER (UNDER) BUDGET
\$	-	\$	-	\$	-
	-		-		-
	-		-		-
	-		-		-
5,000		5,000		5,325	325
	-		-		-
	-		-		-
	-		-		-
	-		-		-
5,000		5,000		5,325	325
	-		-		-
	-		-		-
5,000		5,000		4,060	(940)
	-		-		-
	-		-		-
	-		-		-
5,000		5,000		4,060	(940)
	-		-	1,265	1,265
	-		-		-
	-		-	(338)	(338)
	-		-	(338)	(338)
	-		-	927	927
	-		-		-
	-		-	-	-
\$	-	\$	-	\$	927
				\$	927

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	FRIEND OF THE COURT			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	83,626	83,626	95,041	11,415
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	14,285	14,285	11,583	(2,702)
Fines and forfeits	-	-	-	-
Interest	200	200	972	772
Donations	-	-	-	-
Other	500	500	615	115
TOTAL REVENUES	98,611	98,611	108,211	9,600
EXPENDITURES				
Judicial	136,054	136,054	133,563	(2,491)
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	136,054	136,054	133,563	(2,491)
REVENUES OVER (UNDER) EXPENDITURES	(37,443)	(37,443)	(25,352)	12,091
OTHER FINANCING SOURCES (USES)				
Transfers in	7,894	7,894	-	(7,894)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,894	7,894	-	(7,894)
NET CHANGE IN FUND BALANCES	(29,549)	(29,549)	(25,352)	4,197
FUND BALANCES, BEGINNING OF YEAR	55,105	55,105	55,105	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 25,556	\$ 25,556	\$ 29,753	\$ 4,197

DISCRETIONARY			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
37,500	37,500	40,181	2,681
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
37,500	37,500	40,181	
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
53,000	53,000	48,969	(4,031)
-	-	-	-
53,000	53,000	48,969	(4,031)
(15,500)	(15,500)	(8,788)	6,712
15,500	15,500	32,000	16,500
-	-	(22,999)	(22,999)
15,500	15,500	9,001	(6,499)
-	-	213	213
1	1	1	-
\$ 1	\$ 1	\$ 214	\$ 213

DPW LANDFILL			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1	1
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1	1
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,500	3,500	7,660	4,160
-	-	-	-
-	-	-	-
3,500	3,500	7,660	4,160
(3,500)	(3,500)	(7,659)	(4,159)
3,500	3,500	7,300	3,800
-	-	-	-
3,500	3,500	7,300	3,800
-	-	(359)	(359)
350	350	350	-
\$ 350	\$ 350	\$ (9)	\$ (359)

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET STABILIZATION			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	23,337	23,337
Transfers out	-	-	(186,053)	(186,053)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(162,716)	(162,716)
NET CHANGE IN FUND BALANCES	-	-	(162,716)	(162,716)
FUND BALANCES, BEGINNING OF YEAR	255,327	255,327	255,327	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 255,327	\$ 255,327	\$ 92,611	\$ (162,716)

RIECKER MEMORIAL			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	6	6
500	500	500	-
-	-	-	-
500	500	506	6
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
500	500	300	(200)
500	500	300	(200)
-	-	206	206
-	-	-	-
-	-	-	-
-	-	-	-
-	-	206	206
757	757	757	-
\$ 757	\$ 757	\$ 963	\$ 206

COUNTY LIBRARY			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ 297,300	\$ 297,300	\$ 296,462	\$ (838)
-	-	-	-
14,330	14,330	14,281	(49)
500	500	2,050	1,550
2,500	2,500	2,762	262
71,500	71,500	65,980	(5,520)
1,000	1,000	3,917	2,917
1,530	1,530	6,025	4,495
7,900	7,900	737	(7,163)
396,560	396,560	392,214	(4,346)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
397,200	397,350	369,107	(28,243)
397,200	397,350	369,107	(28,243)
(640)	(790)	23,107	23,897
-	-	-	-
(30,000)	(30,000)	(1,132)	28,868
(30,000)	(30,000)	(1,132)	28,868
(30,640)	(30,790)	21,975	52,765
64,054	64,054	64,054	-
\$ 33,414	\$ 33,264	\$ 86,029	\$ 52,765

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUILDING INSPECTION FUND			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	233,559	233,559	245,218	11,659
Fines and forfeits	-	-	-	-
Interest	-	-	1,040	1,040
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	233,559	233,559	246,258	12,699
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	233,559	233,559	219,581	(13,978)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	233,559	233,559	219,581	(13,978)
REVENUES OVER (UNDER) EXPENDITURES	-	-	26,677	26,677
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	26,677	26,677
FUND BALANCES, BEGINNING OF YEAR	32,804	32,804	32,804	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 32,804	\$ 32,804	\$ 59,481	\$ 26,677

LAW LIBRARY			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
4,500	4,500	3,200	(1,300)
-	-	-	-
-	-	-	-
-	-	-	-
4,500	4,500	3,200	(1,300)
4,500	4,500	3,421	(1,079)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,500	4,500	3,421	(1,079)
-	-	(221)	(221)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(221)	(221)
1,055	1,055	1,055	-
\$ 1,055	\$ 1,055	\$ 834	\$ (221)

LIBRARY MEMORIAL			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	138	138
1,000	1,000	1,610	610
-	-	-	-
1,000	1,000	1,748	748
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,000	1,000	-	(1,000)
1,000	1,000	-	(1,000)
-	-	1,748	1,748
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,748	1,748
5,135	5,135	5,135	-
\$ 5,135	\$ 5,135	\$ 6,883	\$ 1,748

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ECONOMIC DEVELOPMENT COMMISSION			
	ORIGINAL	AMENDED		OVER
	BUDGET	BUDGET	ACTUAL	(UNDER)
				BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	10,785	10,785	10,008	(777)
TOTAL EXPENDITURES	10,785	10,785	10,008	(777)
REVENUES OVER (UNDER) EXPENDITURES	(10,785)	(10,785)	(10,008)	777
OTHER FINANCING SOURCES (USES)				
Transfers in	10,785	10,785	10,000	(785)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,785	10,785	10,000	(785)
NET CHANGE IN FUND BALANCES	-	-	(8)	(8)
FUND BALANCES, BEGINNING OF YEAR	223	223	223	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 223	\$ 223	\$ 215	\$ (8)

[illegible]

DARE					
ORIGINAL BUDGET		AMENDED BUDGET		OVER (UNDER) BUDGET	
\$	-	\$	-	\$	-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-	107	107
4,700		4,700		4,020	(680)
	-		-		-
4,700		4,700		4,127	(573)
	-		-		-
	-		-		-
4,700		4,700		4,970	270
	-		-		-
	-		-		-
	-		-		-
4,700		4,700		4,970	270
	-		-	(843)	(843)
	-		-		-
	-		-		-
	-		-		-
	-		-	(843)	(843)
4,764		4,764		4,764	-
\$	4,764	\$	4,764	\$	3,921
				\$	(843)

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	MICHIGAN JUSTICE TRAINING			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	3,500	3,500	3,596	96
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	24	24
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	3,500	3,500	3,620	120
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	3,500	3,500	4,456	956
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	3,500	3,500	4,456	956
REVENUES OVER (UNDER) EXPENDITURES	-	-	(836)	(836)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(836)	(836)
FUND BALANCES, BEGINNING OF YEAR	3,144	3,144	3,144	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 3,144	\$ 3,144	\$ 2,308	\$ (836)

SOCIAL WELFARE			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
124,300	124,300	182,144	57,844
-	-	-	-
8,500	8,500	8,680	180
-	-	-	-
600	600	1,726	1,126
-	-	-	-
-	-	-	-
133,400	133,400	192,550	59,150
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
139,400	139,400	196,362	56,962
-	-	-	-
139,400	139,400	196,362	56,962
(6,000)	(6,000)	(3,812)	2,188
5,000	5,000	5,000	-
-	-	-	-
5,000	5,000	5,000	-
(1,000)	(1,000)	1,188	2,188
57,265	57,265	57,265	-
\$ 56,265	\$ 56,265	\$ 58,453	\$ 2,188

CHILD CARE			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	53,081	53,081
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,819	1,819
-	-	54,900	54,900
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,420	5,420	115,937	110,517
-	-	-	-
5,420	5,420	115,937	110,517
(5,420)	(5,420)	(61,037)	(55,617)
-	-	60,000	60,000
-	-	-	-
-	-	60,000	60,000
(5,420)	(5,420)	(1,037)	4,383
-	-	-	-
\$ (5,420)	\$ (5,420)	\$ (1,037)	\$ 4,383

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	SHERIFF'S PAYPHONE			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	18,000	18,000	20,087	2,087
Fines and forfeits	-	-	-	-
Interest	100	100	281	181
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	18,100	18,100	20,368	2,268
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	18,100	18,100	14,399	(3,701)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	18,100	18,100	14,399	(3,701)
REVENUES OVER (UNDER) EXPENDITURES	-	-	5,969	5,969
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	5,969	5,969
FUND BALANCES, BEGINNING OF YEAR	8,404	8,404	8,404	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 8,404</u>	<u>\$ 8,404</u>	<u>\$ 14,373</u>	<u>\$ 5,969</u>

VETERANS TRUST					REMONUMENTATION				
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET		ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET	
\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-	-	-
-	-	755	755	-	103,462	103,462	103,461	(1)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	507	507	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	755	755	-	103,462	103,462	103,968	506	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	103,462	103,462	103,162	(300)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	100	100	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	100	100	-	103,462	103,462	103,162	(300)	-
-	-	655	655	-	-	-	806	806	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	655	655	-	-	-	806	806	-
379	379	379	-	-	18,244	18,244	18,244	-	-
\$ 379	\$ 379	\$ 1,034	\$ 655	-	\$ 18,244	\$ 18,244	\$ 19,050	\$ 806	-

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	HOUSING COMMISSION REVOLVING			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	147,320	147,320	57,830	(89,490)
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Donations	-	-	-	-
Other	300	300	700	400
TOTAL REVENUES	147,620	147,620	58,530	(89,090)
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	167,620	167,620	218,689	51,069
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	167,620	167,620	218,689	51,069
REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(20,000)	(160,159)	(140,159)
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	193,299	173,299
Transfers out	-	-	(40,000)	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	20,000	153,299	133,299
NET CHANGE IN FUND BALANCES	-	-	(6,860)	(6,860)
FUND BALANCES, BEGINNING OF YEAR	25,778	25,778	25,778	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 25,778	\$ 25,778	\$ 18,918	\$ (6,860)

COUNTY FAIR			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
11,000	11,000	11,710	710
-	-	-	-
35,000	35,000	24,126	(10,874)
-	-	-	-
200	200	244	44
200	200	3,512	3,312
18,600	18,600	33,154	14,554
65,000	65,000	72,746	7,746
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65,000	65,000	72,470	7,470
65,000	65,000	72,470	7,470
-	-	276	276
-	-	-	-
-	-	-	-
-	-	-	-
-	-	276	276
132	132	132	-
\$ 132	\$ 132	\$ 408	\$ 276

EMERGENCY 911			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
1,345	1,345	4,014	2,669
-	-	-	-
416,245	416,245	354,123	(62,122)
-	-	-	-
3,500	3,500	9,396	5,896
-	-	-	-
50	50	1,425	1,375
421,140	421,140	368,958	(52,182)
-	-	-	-
-	-	-	-
820,770	823,270	442,060	(381,210)
-	-	-	-
-	-	-	-
-	-	-	-
820,770	823,270	442,060	(381,210)
(399,630)	(402,130)	(73,102)	329,028
-	-	-	-
-	-	-	-
-	-	-	-
(399,630)	(402,130)	(73,102)	329,028
348,169	348,169	348,169	-
\$ (51,461)	\$ (53,961)	\$ 275,067	\$ 329,028

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	H.U.N.T			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ 91,371	\$ 91,371
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	1,022	1,022
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	92,393	92,393
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	63,253	63,253
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
TOTAL EXPENDITURES	-	-	63,253	63,253
REVENUES OVER (UNDER) EXPENDITURES	-	-	29,140	29,140
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	29,140	29,140
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ 29,140	\$ 29,140

[illegible]

**ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	HABORTOWN MARKET PLACE			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	34,180	34,180	36,303	2,123
Fines and forfeits	-	-	-	-
Interest	100	100	446	346
Donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	34,280	34,280	36,749	2,469
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	34,280	34,280	40,338	6,058
TOTAL EXPENDITURES	34,280	34,280	40,338	6,058
REVENUES OVER (UNDER) EXPENDITURES	-	-	(3,589)	(3,589)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(3,589)	(3,589)
FUND BALANCES, BEGINNING OF YEAR	18,450	18,450	18,450	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 18,450</u>	<u>\$ 18,450</u>	<u>\$ 14,861</u>	<u>\$ (3,589)</u>

REGISTER OF DEEDS AUTOMATION			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
29,000	29,000	28,735	(265)
-	-	-	-
150	150	916	766
-	-	-	-
-	-	-	-
29,150	29,150	29,651	501
-	-	-	-
29,150	29,150	14,579	(14,571)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
29,150	29,150	14,579	(14,571)
-	-	15,072	15,072
-	-	-	-
-	-	-	-
-	-	-	-
-	-	15,072	15,072
30,135	30,135	30,135	-
\$ 30,135	\$ 30,135	\$ 45,207	\$ 15,072

LOCAL CORRECTION OFFICER TRAINING			
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
3,000	3,000	3,942	942
-	-	-	-
-	-	58	58
-	-	-	-
-	-	-	-
3,000	3,000	4,000	1,000
-	-	-	-
-	-	-	-
3,000	3,000	3,503	503
-	-	-	-
-	-	-	-
-	-	-	-
3,000	3,000	3,503	503
-	-	497	497
-	-	-	-
-	-	-	-
-	-	-	-
-	-	497	497
2,684	2,684	2,684	-
\$ 2,684	\$ 2,684	\$ 3,181	\$ 497

ALCONA COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	TOTAL			OVER
	ORIGINAL	AMENDED		(UNDER)
	BUDGET	BUDGET	ACTUAL	BUDGET
REVENUES				
Property taxes	\$ 297,300	\$ 297,300	\$ 387,833	\$ 90,533
Intergovernmental:				
Federal grants	230,946	230,946	152,871	(78,075)
State grants	283,152	283,152	513,888	230,736
Contributions from local units	500	500	2,050	1,550
Charges for services	836,769	836,769	781,065	(55,704)
Fines and forfeits	76,000	76,000	69,180	(6,820)
Interest	5,960	5,960	21,430	15,470
Donations	7,930	7,930	15,667	7,737
Other	27,350	27,350	59,650	32,300
TOTAL REVENUES	1,765,907	1,765,907	2,003,634	237,727
EXPENDITURES				
Judicial	140,554	140,554	136,984	(3,570)
General government	147,612	147,612	134,480	(13,132)
Public safety	1,088,629	1,091,129	778,548	(312,581)
Public works	3,500	3,500	7,660	4,160
Health and welfare	365,440	365,440	580,057	214,617
Recreation and cultural	538,690	538,840	668,777	129,937
TOTAL EXPENDITURES	2,284,425	2,287,075	2,306,506	19,431
REVENUES OVER (UNDER) EXPENDITURES	(518,518)	(521,168)	(302,872)	218,296
OTHER FINANCING SOURCES (USES)				
Transfers in	67,279	67,279	386,936	319,657
Transfers out	(30,000)	(30,000)	(275,522)	(245,522)
TOTAL OTHER FINANCING SOURCES (USES)	37,279	37,279	111,414	74,135
NET CHANGE IN FUND BALANCES	(481,239)	(483,889)	(191,458)	292,431
FUND BALANCES, BEGINNING OF YEAR	1,121,967	1,121,967	1,121,967	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 640,728	\$ 638,078	\$ 930,509	\$ 292,431

**ALCONA COUNTY, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	EQUIPMENT AND REPLACEMENT	GENERAL CAPITAL PROJECT	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 222	\$ 222
Investments	67,408	-	67,408
Interest receivable	68	-	68
Due from other funds	26,326	-	26,326
<hr/>			
<u>TOTAL ASSETS</u>	\$ 93,802	\$ 222	\$ 94,024
<hr/> <hr/>			
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 79	\$ -	\$ 79
Due to other funds	93,655	-	93,655
<hr/>			
TOTAL LIABILITIES	93,734	-	93,734
FUND EQUITY			
Fund balance			
Reserved for capital projects	68	222	290
<hr/>			
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 93,802	\$ 222	\$ 94,024
<hr/> <hr/>			

ALCONA COUNTY, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005

	EQUIPMENT AND REPLACEMENT	GENERAL CAPITAL PROJECT	TOTAL
REVENUES			
Federal grants	\$ 52,895	\$ -	\$ 52,895
Interest	2,127	-	2,127
TOTAL REVENUES	55,022	-	55,022
EXPENDITURES			
Capital outlay	151,586	4,110	155,696
REVENUES (UNDER) EXPENDITURES	(96,564)	(4,110)	(100,674)
OTHER FINANCING SOURCES			
Transfers in	96,632	3,500	100,132
NET CHANGE IN FUND BALANCES	68	(610)	(542)
FUND BALANCES, BEGINNING OF YEAR,	-	832	832
FUND BALANCES, END OF YEAR	\$ 68	\$ 222	\$ 290

FIDUCIARY FUNDS

**ALCONA COUNTY, MICHIGAN
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	<u>AGENCY FUNDS</u>			
	TRUST AND AGENCY	TAX COLLECTION	LIBRARY FUND	TOTAL
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,656,608	\$ 131,484	\$ 44,553	\$ 1,832,645
Investments	-	-	166	166
<u>TOTAL ASSETS</u>	<u>\$ 1,656,608</u>	<u>\$ 131,484</u>	<u>\$ 44,719</u>	<u>\$ 1,832,811</u>
<u>LIABILITIES</u>				
Due to State	\$ 1,165,004	\$ -	\$ -	\$ 1,165,004
Unallocated property taxes	436,087	-	-	436,087
Undistributed receipts	55,517	131,484	-	187,001
Undistributed penal fines	-	-	44,719	44,719
<u>TOTAL LIABILITIES</u>	<u>\$ 1,656,608</u>	<u>\$ 131,484</u>	<u>\$ 44,719</u>	<u>\$ 1,832,811</u>

INTERNAL CONTROL AND COMPLIANCE



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

April 7, 2006

Members of the Board of Commissioners
Alcona County, Michigan
Harrisville, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate fund information of **Alcona County, Michigan**, as of and for the year ended December 31, 2005, and have issued our report thereon dated April 7, 2006. We did not audit the financial statements of the Alcona County Road Commission. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Alcona County Road Commission, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Alcona County's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of **Alcona County** in a separate letter dated April 7, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Alcona County's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Finance Committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, stylized 'L' at the beginning.



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

April 7, 2006

To the Board of Commissioners
Alcona County
Harrisville, Michigan

In planning and performing our audit of the financial statements of ***Alcona County, Michigan***, for the year ended December 31, 2005, we considered the County's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. (A separate report dated April 7, 2006 contains our report on the County's compliance and internal controls). This letter does not affect our report dated April 7, 2006, on the financial statements of ***Alcona County, Michigan***.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various County personnel, and we will be pleased to discuss this comment in further detail at your convenience, or perform any additional studies of these matters, or to assist you in implementing the recommendations.

Rehmann Robson

ALCONA COUNTY

MANAGEMENT COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2005

A. Adoption of Annual Budget

The State of Michigan Department of Treasury requires that the General Fund and all Special Revenue Funds adopt an annual budget prior to the beginning of the fiscal year. These budgets are to be maintained and amended as deemed necessary as the outcomes of anticipated revenues and expenditures become more apparent. During our audit procedures we noted that several Special Revenue funds did not have budgets appropriately adopted by the Board of Commissioners. We also noted that budgets for revenue and expenditures were not amended during the fiscal year as their availability became more relevant.

We recommend the County Board of Commissioners adopt appropriate budgets for each of the funds that are mandated by the State of Michigan. We also recommend that the Board examine these budgets on a frequent basis so that the appropriate amendments can be made as to not over/under inflate the anticipation of revenues that will/will not be received or expenditures that will/will not be incurred.